

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 DRC-01 SPC-03 SAM-01 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 FEA-02 INT-08 PA-04 PRS-01

USIA-15 SSC-01 /175 W

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P 281838Z FEB 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 3501

C O N F I D E N T I A L ROME 2871

E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: VIEWS OF SOCIALIST PARTY SECRETARY DEMARTINO

REF: ROME 2725

1. SOCIALIST PARTY SECRETARY DEMARTINO INDICATED TO AMBASSADOR AT LUCH FEB 28 THAT HE ANTICIPATES COUNCIL OF MINISTERS WILL AT ITS MARCH 1 SESSION IRON OUT DIFFERENCES ON IMF STANDBY CONDITIONS, AND THAT GOVERNMENT PROBABLY WILL SURVIVE WITHOUT FURTHER SERIOUS THREAT UNTIL AFTER DIVORCE REFERENDUM. HOWEVER, DEMARTINO MADE NO SECRET OF HIS DISCOURAGEMENT AT COALITION PERFORMANCE IN RECENT WEEKS AND VOICED DISTRESS THAT MOMENTUM OF FIRST THREE MONTHS OF THIS GOVERNMENT HAD BEEN LOST IN COPING WITH ENERGY CRISIS AND WITH DIVORCE REFERENDUM ISSUE. HE IMPLIED THAT, REFERENDUM CAMPAIGN NOTWITHSTANDING, SOCIALISTS WILL CONTINUE TO PUSH FOR MORE EFFECTIVE GOVERNMENT ACTION IN COMING WEEKS TO ALLEVIATE ECONOMIC PROBLEMS AND INITIATE SOCIAL REFORMS.

2. DEMARTINO SAID THAT THERE IS BROAD CONSENSUS WITHIN GOVERNMENT TO SET REFERENDUM FOR MAY 12 AND THAT COUNCIL OF

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MINISTERS WILL SO RECOMMEND TO PRESIDENT LEONE EITHER TOMORROW

OR WITHIN NEXT TEN DAYS. DEMARTINO EXPRESSED SORROW THAT INTENSIVE SOCIALIST EFFORTS TO AVOID REFERENDUM HAD BEEN UNFRUITFUL AND THAT ALL HOPES OF SIDESTEPPING IT NOW SEEM DEAD. HE VOICED HOPE THAT THE REFERENDUM CONTEST WOULD NOT DEGENERATE INTO A RELIGIOUS WAR, AND ASSERTED THAT SOCIALISTS WOULD DO THEIR PART TO KEEP CAMPAIGN FROM SERIOUSLY DAMAGING CENTER-LEFT RELATIONS.

3. DEMARTINO INQUIRED AS TO AMERICAN IMPRESSIONS OF THE LONG RANGE PROSPECTS FOR ITALIAN DEMOCRACY. IN REPLY, THE AMBASSADOR UNDERSCORED IMPORTANCE US ATTACHES TO MAINTENANCE OF DEMOCRATIC REGIME IN ITALY AND STRESSED DANGERS OF GRADUAL EROSION OF DEMOCRATIC FRAMEWORK BY SLOW INFILTRATION OF POWERFUL COMMUNIST PARTY INTO POLITICAL DECISION MAKING. AMBASSADOR ALSO NOTED NEED IN LONG RUN TO UTILIZE ENERGIES OF ITALY'S YOUTH IN POLITICS, INFUSING

NEW BLOOD ON CONTINUING BASIS INTO PARTIES AND GOVERNMENT. DEMARTINO REPLIED THAT HE PERSONALLY SEES LITTLE CHANCE OF COMMUNIST ENTRY INTO GOVERNMENT IN FORESEEABLE FUTURE, AND THAT HE INSTEAD IS WORRIED BY DANGER OF AUTHORITARIAN REGIME IMPOSED BY FORCES OF THE RIGHT. HE DID NOT SPECIFICALLY DEFINE RIGHTIST FORCES OF WHICH HE WAS SPEAKING, BUT INDICATED THEY INCLUDED INDUSTRIALISTS AND OTHERS OF CONSERVATIVE ORIENTATION WHO ARE NOT NECESSARILY AFFILIATED WITH MSI.

4. COMMENT: WHILE ABOVE CONVERSATION WAS IN PROGRESS, TREASURY MINISTER LA MALFA WAS SUBMITTING HIS RESIGNATION TO PRIME MINISTER RUMOR, CITING DIFFERENCES WITH BUDGET MINISTER GIOLITTI OVER IMF STANDBY CONDITIONS (SEPTTEL). AT NO TIME IN COURSE OF TWO HOUR CONVERSATION DID DEMARTINO OR EITHER OF TWO OTHER PSI DIRECTORATE MEMBERS PRESENT GIVE SLIGHTEST HINT THAT THEY ANTICIPATED SUCH A DEVELOPMENT. HOWEVER, LA MALFA'S ACTION BEARS OUT ASSERTION HE MADE TO AMBASSADOR FEBRUARY 26 THAT HE WOULD QUIT RATHER THAN ACCEPT ALTERATIONS IN HIS DRAFT OF IMF LETTER OF INTENT (REFTEL). VOLPE

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